

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 PM-07 NSC-10 SPC-03 SS-20

RSC-01 CIAE-00 INR-10 NSAE-00 COME-00 OMB-01 TRSE-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 5501

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L MOSCOW 0999

E.O. 11652: GDS

TAGS: ETRD ENRG US UR

SUBJ: OCCIDENTAL PETROLEUM ACTIVITIES IN MOSCOW

REF: (A) MOSCOW 935 (B) MOSCOW 9190, AUG 3, 1973

1. DURING CALL AT EMBASSY JAN 21, OCCIDENTAL PRESIDENT JOSEPH BAIRD PROVIDED BRIED REVIEW OF PROGRESS IN COMPANY'S VARIOUS SOVIET PROJECTS. OXY CHAIRMAN ARMAND HAMMER FLEW INTO MOSCOW TEN DAYS AGO WITH GROUP INCLUDING FIRM'S TREASURER J. DORGAN, V.P. LEPARULO AND OTHERS, WHILE BAIRD ARRIVED JAN 19. IN VEILED REFERENCE TO FACT THAT SOME OF OCCIDENTAL'S PAST PUBLIC CLAIMS HAVE BACKFIRED, BAIRD TOOK OPPORTUNITY TO OUTLINE COMPANY GOALS IN GENERAL, CLAIMING THAT CORPORATE GOAL, WHICH NOT ALWAYS REALIZED, REQUIRES EACH INDIVIDUAL ENTERPRISE TO BRING IN GROSS RETURN OF 20 PERCENT ON INVESTMENT. REGARDING LIBYAN ACTIVITIES BAIRD STATED THAT PRODUCTION OF 312,000 BARRELS OF CRUDE PER DAY IN JAN 73 WAS RAISED WITH PERMISSION OF LIBYAN GOVT TO 360,000 BARRELS/DAY AT PRESENT.

2. ACCORDING TO BAIRD, CURRENT SOVIET TRIP HAS TWO MAIN PURPOSES: NEGOTIATION DETAILS CONTACT FOR CONSTRUCTION AMMONIA PLANTS AGREED UPON LAST SEPTEMBER AND WORK OUT PROPOSAL FROM COMPANY FOR OFF-SHORE OIL EXPLORATION NEAR SAKHALIN. NOTING VOLATILITY OF WORLD MARKET PRICES FOR BOTH UREA AND PHOSPHATES (THE TWO PRINCIPLE

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COMMODITY COMPONENTS IN FERTILIZER PLANT DEAL), BAIRD COMMENTED

THAT CHANGES IN PAST FOUR MONTHS HAD PRODUCED ALTERATION IN APPROACH TO AMMONIA PROJECT ON PART OF SOVIETS AS WELL AS COMPANY, BUT THAT HE HOPED ACCORD COULD BE REACHED THIS WEEK.

3. AREA UNDER CONSIDERATION FOR OFF-SHORE OIL EXPLORATION, BAIRD STATED, LIES ADJACENT TO ZONE EARMARKED FOR JAPANESE-SOVIET DEVELOPMENT, AND "MAYBE PRELIMINARY AGREEMENT CAN BE ACHIEVED BY THURSDAY OR FRIDAY" (I.E. JAN 25). COMMENT: ALTHOUGH BAIRD DID NOT DISCUSS SAKHALIN PROPOSAL IN OTHER THAN VAGUEST TERMS, DESCRIBING IT AS "MASSIVE," THIS IS POSSIBLY SAME SOVIET PROJECT TAKEN UP HERE BY ARCO CHAIRMAN ANDERSON LAST WEEK (REF A) END COMMENT.

4. IN PASSING REFERENCE TO PROSPECT EX-IM BANKIIGHT PROVE UNABLE APPROVE LOAN FOR FURTHER EXPLORATION YAKUTIA NATURAL GAS RESOURCES, BARID INNDICATED SUCH ACTION WOULD PRECLUDE FURTHER PROGRESS ON PROEJCT.DUBS

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